

Testimony of U.S. Congresswoman Sue Kelly (R-NY-19)
Homeland Security and Governmental Affairs Committee
Subcommittee on Federal Financial Management, Government Information, and International Security
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Thank you, Mr. Chairman, for this opportunity to testify here today.

The success of our local economy in New York's Hudson Valley, where I represent, is especially dependent on the success of small businesses.

Let me begin by telling the story of a small business owner in my Congressional District named Mandy Villodas.

Mandy operates the English Rose Day School in Washingtonville, which is located in Orange County, N.Y. She began her child care business in her home. Later, she rented space from a church and operated her child care business from there for a few years.

Then, she began working with the Small Business Administration to expand her small business and build a permanent child care center. With the help of an SBA guaranteed loan, Mandy was not only able to expand her child care services – she preserved 15 existing jobs and created 5 new jobs for local residents. The English Rose Day School has been operating very successfully ever since.

Without the help of the SBA, Mandy wouldn't be where she is today. Her small business would not be having such a profound impact on many lives throughout our local area:

- Mandy's success in getting construction money through SBA resources helped provide additional work for local construction crews – remember many of them are also small businesses.
- Her school is a happy, safe environment for parents to leave their children in good care while they work hard during the day at businesses both large and small.
- Those parents are earning money that they turn around and spend at other small businesses in our area.

Successful small businesses have a very positive ripple effect through so many aspects of our local communities. This is the ideal example of the importance of the government's investment in small businesses to boost job creation. The resources that Congress and the SBA devote to help small businesses grow and succeed are imperative to the growth and success of our economy.

When times are tough, small businesses revitalize our workforce and our communities. For instance, IBM operates a large facility in southern Dutchess County where I represent. While IBM has had to downsize – particularly during the 1990s – New York's industries, government, unions, and non-profits have worked together to rebuild the employment infrastructure in Dutchess County through small business growth.

Dutchess County economic development records show that 33 new firms opened their doors in Dutchess County between February 1994 and February 1996. This alone created more than 3,000 new local jobs at a critical time when IBM was cutting them.

That trend continues today, not only in Dutchess County but in every other county in New York's Hudson Valley. Increasing numbers of new small businesses are creating increasing numbers of new local jobs.

The numbers show that without the help of SBA funding and resources relied upon by the Small Business Development Center at Mid-Hudson, small businesses in our area may not make it. Lack of support for our small businesses translates into lack of jobs for residents in our local communities.

SBDC Mid-Hudson has worked directly with **12,338 businesses**, helping them to **invest \$363 million dollars** in the area economy. These efforts **created or saved 10,429 jobs**.

Small businesses in Orange County tell me that the 504 loan product available through the SBA has been especially critical to meeting their needs. These small businesses say banks are simply unwilling to do business with them.

So when banks shut their doors on small businesses and leave them with no other source of financial assistance, SBA programs have provided them millions of dollars in financing to preserve their business and preserve local jobs. SBA programs like the 504 loan program have enabled lenders and borrowers to have a dialogue that would never exist otherwise.

In ways like these, the SBA can play such a critical role in the livelihood of our local communities. In Washington, we need to give more than lip service to the key role that small businesses play in creating 7 out of every 10 new jobs. We cannot pat small businesses on the back for supplying new jobs, and then stifle their access to capital at the same time.

Effective SBA programs that are working need our continued support in Congress, just as small businesses need the continued support provided through those programs.

In fact, there are some additional steps that the SBA and Congress need to be taking to encourage small business growth. One group that particularly needs our increasing attention in the next few years is America's veteran population.

New York is one of the states with the largest deployment of reservists to Iraq and Afghanistan. Every month, reservists are coming back to New York and other states, and their previous jobs are not always waiting for them when they return. Some are returning to find that the small business they owned or the small firm where they worked has suffered dramatically in their absence. This leaves them hard-pressed to make ends meet and in dire need of capital or other forms of assistance.

We need the SBA to be increasingly pushing veterans' business opportunity programs. At one time, the SBA used to offer veterans lending assistance at a discount. But currently, other than some procurement programs, there are few assistance areas at the SBA where our veterans receive any preference at all.

At a time when new veterans are returning to our country after proudly defending us in the War on Terror, we need to provide SBA with the support it needs to work with veterans and do them proud when they return.

We need to equip SBA and its affiliates with the resources they need to work with reserve offices, visit veterans who are hospitalized upon their return, and provide veterans every opportunity to start a small business of their own.

In other words, the SBA should be even more of a resource for local residents and communities in the future instead of less of one. Our economy needs small businesses, and small businesses need the SBA.

Thank you, Mr. Chairman, for giving me this opportunity to testify today.